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ACTION ARA-10

INFO OCT-01 ISO-00 OES-03 HEW-02 CU-02 HUD-01 IO-10 SP-02

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XMB-02 OPIC-03 LAB-04 SIL-01 L-02 H-02 PA-01 PRS-01

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R 262011Z MAR 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 6273

INFO AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

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ROCAP

E.O. 11652 N/A

SUBJECT: HIGH LEVEL COMMITTEE FINDS CONSENSUS INCREASINGLY DIFF-
ICULT

SUMMARY: CA HIGH LEVEL COMMITTEE HELD SCHEDULED MEETING MARCH
17-21. DISCUSSIONS COVERED PLANNED AGENDA ITEMS ON SOCIAL POLICY,
FREE MOVEMENT OF CAPITAL AND MONETARY POLICY BUT NOT INSTITUTIONAL
FRAMEWORK, WHICH IS BASIC TO PROPOSED NEW COMMUNITY. IDB WILL
PROVIDE TECHNICAL HELP TO C.A. IN DEVELOPING THEORETICALLY
WORKABLE INTEGRATION FORMULAS. HOWEVER, NATIONAL POLITICAL
WILL TO INTEGRATE MUST COME FROM WITHIN REGION ITSELF, AND THUS
FAR REMAINS UNCLEAR. END SUMMARY.

1. MARRED SOMEWHAT BY LATE ARRIVAL OF COSTA RICAN (SOLANO) AND
EARLY DEPARTURE OF HONDURAN (VILLANUEVA), CA HIGH LEVEL COMMITTEE
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(CAN) MET IN GUATEMALA MARCH 17-21. AGENDA TOPICS DISCUSSED

INCLUDED SOCIAL POLICY, FREE MOVEMENT OF CAPITAL, AND MONETARY POLICY. ALSO ON AGENDA WAS THE INSTITUTIONAL STRUCTURE OF THE PROPOSED NEW COMMUNITY (CAESC), BUT EARLY DEPARTURE OF HONDURAN PREVENTED DISCUSSION OF THIS KEY SUBJECT. HOWEVER, IT IS UNDERSTOOD THAT NEXT CAN MEETING, SCHEDULED FOR TEGUCIGALPA APRIL 8-11, WILL FOCUS EXCLUSIVELY ON INSTITUTIONAL FRAMEWORK.

2. DISCUSSION ON SOCIAL POLICY EMPHASIZED TWO DISTINCT ASPECTS, NAMELY A) PROVISIONS COVERING THE FREE MOVEMENT OF LABOR AND B) A RE-CASTING OF THE SECTIONS ON SOCIAL POLICY, AS CURRENTLY SET FORTH IN THE SIECA DRAFT TREATY.

3. FOR THE DISCUSSIONS ON THE FREE MOVEMENT OF LABOR, THE CAN INVITED THE CENTRAL AMERICAN LABOR CONFEDERATION (:5:-) TO PARTICIPATE. SOME CAN MEMBERS WERE IMPRESSED BY THE CAUTION WITH WHICH THE LABOR REPRESENTATIVES APPROACHED THE "FREE MOVEMENT" TOPIC. IN ALL CA'S EXCEPT EL SALVADOR, IT APPEARS THAT LABOR MAY BE MORE CONCERNED WITH PROTECTING A PRIVILEGED TREATMENT FOR NATIONALS THAN IN ACHIEVING THE POTENTIALLY BROADER OPPORTUNITIES THAT MAY SOMEDAY BE AVAILABLE WITH FREE MOVEMENT THROUGHOUT THE REGION. THIS ATTITUDE HAD BEEN EXPECTED ON THE PART OF COSTA RICA, BUT NOT SO MUCH WITH REGARD TO THE OTHER THREE. (NOTE: LAST SEPTEMBER, THE CAN HELD A SIMILAR JOINT SESSION WITH PRIVATE INDUSTRY, DURING WHICH INVESTMENT AND COMMERCIAL ASPECTS OF INTEGRATION WERE DISCUSSED).

4. IT WAS AGREED THAT THE SOCIAL POLICIES SECTIONS OF THE DRAFT TREATY, I.E., THOSE REFERRING TO NUTRITION, EDUCATION, WORKING CONDITIONS, HEALTH, HOUSING AND SOCIAL SECURITY--NOW SPREAD OVER THREE CHAPTERS OF THE DRAFT TREATY--SHOULD BE REDUCED IN DETAIL AND TREATED IN A SINGLE CHAPTER.

5. WITH REGARD TO THE OTHER TWO MAJOR TOPICS, TO WIT, A) FREE MOVEMENT OF CAPITAL AND B) MONETARY POLICY, LENGTHY DISCUSSIONS WERE HELD BETWEEN THE CAN AND CA MONETARY COUNCIL SEC/GEN JORGE GONZALEZ DEL VALLE. DETAILS OF THESE DISCUSSIONS WERE NOT REVEALED. HOWEVER, IT APPEARS THAT EXTENSIVE REVISIONS OF THE DRAFT TREATY, (SAID TO BE POLITICALLY ACCEPTABLE TO ALL FIVE CAN DELEGATIONS) WILL BE REQUIRED TO MAKE THE TREATY TECHNICALLY ACCEPTABLE. ACCORDING TO GONZALEZ DEL VELLE, A PRINCIPAL CONCERN LIMITED OFFICIAL USE

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OF GOVERNMENTS SHOULD BE TO MAKE MONETARY INTEGRATION AN INTEGRAL PART OF THE TOTAL INTEGRATION SCHEME, WITHIN THE LEGAL FRAMEWORK OF THE PROPOSED NEW TREATY. ONE CONCLUSION EVIDENTLY REACHED WAS THAT CONSENSUS ON MONETARY ASPECTS OF THE TREATY IS IMPOSSIBLE UNTIL AGREEMENT IS REACHED ON THE OVERALL INSTITUTIONAL FRAMEWORK.

6. REPORTEDLY, THE HONDURAN CAN MEMBER DEPARTED EARLY BECAUSE HE

(AND PERHAPS OTHERS) WERE "NOT READY" TO DISCUSS THE INSTITUTIONAL STRUCTURE OF THE CAESC; THIS, IN SPITE OF THE FACT THAT ONLY AN INTRODUCTORY PRESENTATION HAD BEEN PLANNED, IN ORDER TO FACILITATE CONSIDERATION AT THE NATIONAL LEVEL IN ANTICIPATION OF IN-DEPTH DISCUSSIONS AT THE FORTHCOMING CAN SESSION IN TEGUCIGALPA. (NOTE: AS PRESENTLY SET FORTH THE INSTITUTIONAL STRUCTURE WOULD CAUSE CONSTITUTIONAL PROBLEMS IN SOME, IF NOT ALL, THE CA'S. TO ASSIST IN THE SEARCH FOR REMEDIES TO THIS AND OTHER TECHNICAL ASPECTS OF THE PROPOSED INTEGRATION SCHEME, THE INTERAMERICAN DEVELOPMENT BANK HAS AGREED TO PROVIDE TECHNICIANS TO EACH CAN MEMBER AND ALSO TO SIECA. THE TECHNICAL ASSISTANCE PROVIDED TO CAN MEMBERS WILL BE "SHORT-TERM", I.E., FOR ABOUT 6 TO 8 MONTHS, ASSISTING THE CAN TO COMPLETE ITS TASK OF SUBMITTING A DRAFT TREATY TO NATIONAL GOVERNMENTS. GUATEMALA, FOR EXAMPLE, INTENDS TO REQUEST 3 OR 4 SUCH TECHNICIANS. THE IDB TECHNICAL HELP TO SIECA WILL BE IN GREATER NUMBERS AND OF LONGER DURATION).

7. ASKED WHY NO NEW CONSENSUSES HAD EMERGED FROM RECENT MEETINGS OF THE CAN, A PARTICIPANT SAID THAT THE "WORKING SYSTEM" HAD BEEN CHANGED, I.E. THERE WILL BE NO MORE CONSENSUS PAPERS, AND HENCEFORTH FINAL AGREEMENT AMONG THE CAN MEMBERS WILL BE RECORDED ONLY IN THE FORM OF AN ARTICLE BY ARTICLE REVIEW AND RE-DRAFTING OF THE PROPOSED TREATY, SCHEDULED FOR THE SECOND QUARTER OF 1975.

8. COMMENT: AS THE MOMENT OF TRUTH DRAWS NEAR, WHEN THE CAN IS SUPPOSED TO PRESENT ITS OWN DRAFT TREATY TO THE FIVE GOVERNMENTS, THE CAN MEMBERS ARE REACHING INTO MORE CONTROVERSIAL TOPICS IN THE INTEGRATIONS SCHEME AND AT THE SAME TIME ARE GIVING THEM MORE CAREFUL CONSIDERATION. THUS, CONSENSUS HAS BECOME A MORE DELICATE AND DIFFICULT CHALLENGE. TECHNICAL ASSISTANCE FROM THE IDB SHOULD BE HELPFUL IN FINDING THEORETICALLY WORKABLE FORMULAS, BUT THE QUESTION OF NATIONAL POLITICAL WILL LIMITED OFFICIAL USE

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REMAINS BOTH PARAMOUNT AND UNDEFINED.
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